Budget Summary

Combined Statement of All Funds

Fund Balance Projections

General Fund Balance Chart

Revenue Charts

Revenue Assumptions

Summary of Revenues & Transfers In

Expenditure Charts

Summary of Expenditures and Transfers Out

Interfund Transfers

Cost Allocation

Comparison of Municipalities

FY 2007/08 Combined Statement: Revenues, Expenditures and Changes in Fund Balance

	General Fund	Special Revenue	Capital Project	Debt Service	Enterprise	Internal Services	Agency	ALL FUNDS	
SOURCES OF FUNDS	ruilu	Revenue	Froject	Service	Enterprise	Sel vices	Agency	FUNDS	
Property Tax	6,791,179	151,678	21,610,757	219,604			2,341,206	31,114,425	
Other Taxes	9,840,880	340,219	21,010,737	217,004	_	_	2,341,200	10,181,099	
Licenses & Permits	177,590	540,217	_	_	_	_	_	177,590	
Fines & Penalties	139,000	-	_	_	_	_	_	139,000	
Use of Money & Property	1,131,691	268,941	1,943,507	45,290	903,480	410,268	234,864	4,938,041	
Other Agencies	494,928	1,063,687	-	-	15,000	-	-	1,573,615	
Charges for Current Svs.	5,950,168	3,199,172	6,371,655	_	17,730,143	5,200,854	_	38,451,992	
Other Revenues	22,213	237,545	40,344,900	_	95,100	-	_	40,699,758	
Transfers In	921,588	1,014,949	18,899	803,531	19,056,394	20,000	_	21,835,361	
TOTAL SOURCES	25,469,237	6,276,191	70,289,718	1,068,426	37,800,116	5,631,122	2,576,070	149,110,880	
USES OF FUNDS									
Salaries	14,093,700	3,447,085	1,966,298	-	3,503,434	1,194,857	-	24,205,374	
Supplies & Services	8,378,949	1,992,537	1,674,850	-	7,767,923	2,882,513	-	22,696,772	
Capital Outlay	22,750	7,750	19,800	-	508,800	467,210	-	1,026,310	
Debt Services	-	-	-	996,299	2,693,983	-	2,263,871	5,954,154	
Internal Service	2,157,887	897,298	645,424	1,284	1,232,908	321,494	9,746	5,266,041	
Transfers Out	456,709	409,391	16,266,651	-	4,702,610	-	-	21,835,361	
Project Expenditure	-	1,412,162	45,905,000	-	12,668,000	-	-	59,985,162	
TOTAL USES	25,109,995	8,166,223	66,478,023	997,583	33,077,657	4,866,074	2,273,617	140,969,173	
SOURCE/USE VARIANCE	359,242	(1,890,032)	3,811,695	70,842	4,722,459	765,048	302,453	8,141,707	
(DDO I) DAL ON 7/4/07	0.7/4./00	7.057.570	44.007.005	207.0/0	00 000 700	7.450.404	1.0/0.000	00 (00 (00	
(PROJ) BAL ON 7/1/07	9,764,639	7,857,560	41,206,385	397,962	22,339,733	7,153,104	1,969,299	90,688,682	
(PROJ) BAL ON 6/30/08	10,123,881	5,967,528	45,018,080	468,804	27,062,192	7,918,152	2,271,752	98,830,389	
(I NOS) DAL ON 0/30/00	10,123,001	J,701,520	43,010,000	400,004	21,002,172	1,710,132	2,211,132	70,030,307	

Fund Balance Projection (FY 2006/07)

		06/07 Fund Bal	06/07 Projected	06/07 Projected	06/07 Projected	06/07 Projected	06/ Projected Ba
Fund	Description	07/01/06	Revenue	Transfer In	Transfer Out	Expenditure	06/30
General	l Fund						
010	General Fund	10,153,598	22,022,348	557,08	526,247	22,442,146	4,259,
	General Fund Reserve	-					5,505,
	Subtotal	10,153,598	22,022,348	557,08	526,247	22,442,146	9,764,
-	Revenue Funds						
202	Street Fund	474,454	3,955,263	860,01		5,234,658	55,
204/205	Supplemental Law Enforcement	165,637	105,179	-	175,000		94,
206	Community Development Fund	2,171,856				3,455,067	2,371,
207	General Plan Update Fund	389,266				90,159	554,
210	Community Rec Centers Startup Fund	237,730					156,
215	CDBG Fund	(17,753)			15,000		
216	CDBG Revolving Loan Fund	76,060	6,790		-	6,916	75,
225	Asset Seizure Fund	8,934	357		-	-	9,
229	Lighting & Landscape Fund	1,183	152,324		-	136,525	16,
232	Environmental Programs Fund	861,553	485,653		150,000		749,
234	Mobile Home Park Rent Fund	11,276	6,241		-	1,844	15,
235	Senior Housing Trust Fund	255,892	9,769		-	23,800	241,
236	Housing Mitigation Fund	2,738,732			-	165,000	2,983,
240	Employee Assistance Fund	75,929	26,597		-	66,749	35,
247	Environment Remediation Fund	526,533				51,002	495,
	Subtotal	7,977,282	9,445,494	1,058,81	540,035	10,083,996	7,857,
Capital	Project Funds						
301	Park Impact Fund	5,420,132	1,409,533	-	5,566	1,826,443	4,997,
302	Park Maintenance Fund	3,793,553	1,251,901		135,000		4,209,
303	Drainage Impact Fund	4,210,045	434,929	-	5,568	23,037	4,616,
304	Drainage-Non AB1600 Fund	3,049,974	497,894	-	-	940,665	2,607,
306	Open Space Fund	1,561,984	467,851	-	-	746	2,029,
308	Street CIP						
309	Traffic Impact Fund	4,280,864	1,291,100	-	11,135	1,315,003	4,245,
311	Police Impact Fund	58,182	193,264	-	237,131	1,014	13,
313	Fire Impact Fund	2,725,676	206,821	-	10,019	1,213	2,921,
317	RDA Fund	9,095,437	21,463,776	3,600,000	0 -	27,133,166	7,026,
327/328	B Housing	8,214,937	6,532,847	9,850	0 -	11,025,793	3,731,
342	MH Bus Ranch II AD CIP Fund	25,433			-	-	26,
346	Public Facilities (Non AB1600)	875,935			176,000		761,
347	Public Facilities Impact Fund	763,235			-	39,566	1,817,
348	Library Impact Fund	745,518	146,061		94,000		176,
350	Undergrounding Fund	58,751	171,184		-	175,537	54,
360	Community Rec. Centers Impact Fund	190,532	66,020		-	50,001	206,
370	Civic Center Construction	-	5,677,440		3,600,000		1,764,
	Subtotal	45,070,188	41,118,715	3,609,85	0 4,274,419	44,317,950	41,206,
Debt Se	ervice Funds						
420	Civic Center Debt	_	2,440	270,00	0	131,345	141,
	Police Facility Bond Debt Service	(43,951)				451,013	66,
44 I		, , ,				182,735	180,
441 545	Cochrane Business Park AD Fund	174.649	188.419	-	-	102.733	100.
	Cochrane Business Park AD Fund Joleen Way AD Fund	174,649 10,798	188,419 32,343			32,687	10,

Fund Balance Projection (FY 2006/07)

	06/07	06/07	06/07	06/07	06/07	06/07
	Fund Bal	Projected	Projected	Projected	Projected	Projected Bal
Fund Description	07/01/06	Revenue	Transfer In	Transfer Out	Expenditure	06/30/07

640	Sewer Operations Fund	783,712	5,798,309	1,500,000	483,102	6,411,802	1,187
641	Sewer Impact Fund	6,401,854	1,907,637	-	5,568	790,319	7,513
642	Sewer Rate Stablization Fund	5,213,306	895,168	-	1,500,000	814	4,607
643	Sewer System Replacement Fund	1,110,983	42,805	-	• • • •	97,679	1,056
650	Water Operations Fund	3,566,305	8,481,710	230,666	830,600	8,117,934	3,330
651	Water Impact Fund	2,437,318	430,321	5,819	5,568	667,794	2,200
652	Water Rate Stabilization Fund	738,130	40,841	400,000	-	292	1,178
653	Water System Replacement Fund	1,856,711	61,501	· -	5,819	646,073	1,266
	Subtotal	22,108,319	17,658,291	2,136,485	2,830,656	16,732,705	22,339
Internal	Service Funds						
730	Information Systems Fund	268,752	238,592	-	-	368,798	138
740	Building Maintenance Fund	1,290,987	1,765,054	-	1,388,485	1,667,556	
741	Building Replacement Fund	- [326,475	1,388,485	-	-	1,714
745	CIP Administration Fund	13,716	1,412,761	· -	-	1,426,477	
760	Unemployment Insurance Fund	81,665	49,748	-	-	15,000	116
770	Worker's Comp Fund	760,253	785,487	-	-	448,200	1,097
790	Equipment Replacement Fund	3,278,976	591,749	-	9,807	701,000	3,159
795	General Liab. Insurance Fund	902,997	563,507	9,807		550,584	925
	Subtotal	6,597,346	5,733,373	1,398,292	1,398,292	5,177,615	7,153
Agency	Funds						
841	MH Business Ranch I AD Fund	- [-	-	-	-	
842	MH Business Ranch II AD Fund	-	-	-	-	-	
843	MH Business Ranch 1998 AD Fund	664,556	885,184	-	-	866,833	682
844	MH Ranch Reassessment 2004 Fun	402,538	588,037	-	-	577,048	413
845	Madrone BP (Tax Exempt) Fund	386,861	751,750	93,759	93,757	813,283	325
846	Madrone BP (Taxable) Fund	31,558	106,237	128,429	128,429	105,225	32
848	Tennant Ave Business Park AD Fund	476,826	19,388	-	-	506	495
881	Police Donation Trust Fund	18,475	781	-	-	-	19
	Subtotal	1,980,814	2,351,377	222,188	222,186	2,362,894	1,969

Fund Balance Projection (FY 2007/08)

		07/08	07/08	07/08	07/08	07/08	07/08
		Fund Bal	Projected	Projected	Projected	Projected	Projected Bal
	Fund Description	07/01/07	Revenue	Transfer In	Transfer Out	Expenditure	06/30/08
General	l Fund						
010	General Fund Undesignated	4,259,052	24,547,649	921,588	456,709	24,653,286	3,986,969
	General Fund Reserve	5,505,587	-	-	-	-	6,136,912
	Subtotal	9,764,639	24,547,649	921,588	456,709	24,653,286	10,123,881
Special	Revenue Funds						
202	Street Fund	55,078	750,300	855,000	-	1,626,639	33,739
204/205	Supplemental Law Enforcement	94,955	103,005	-	175,000	861	22,099
206	Community Development Fund	2,371,692	2,932,837	-	14,391	3,887,408	1,402,730
207	General Plan Update Fund	554,728	130,186	109,949	-	138,920	655,942
210	Community Rec Centers Startup Fund	156,581	10,312	50,000	50,000	-	166,893
215	CDBG Fund	-	358,162	-	15,000	343,162	-
216	CDBG Revolving Loan Fund	75,934	11,184	-	-	30,000	57,118
225	Asset Seizure Fund	9,291	474	-	-	-	9,765
229	Lighting & Landscape Fund	16,983	152,743	-	-	144,823	24,903
232	Environmental Programs Fund	749,944	534,357	-	155,000	466,500	662,801
234	Mobile Home Park Rent Fund	15,673	2,354	-	-	1,868	16,159
235	Senior Housing Trust Fund	241,861	11,454	-	-	24,000	229,315
236	Housing Mitigation Fund	2,983,497	235,927	-	-	1,015,000	2,204,424
240	Employee Assistance Fund	35,777	5,252	-	-	30,000	11,029
247	Environment Remediation Fund	495,566	22,695	-	-	47,651	470,610
	Subtotal	7,857,560	5,261,242	1,014,949	409,391	7,756,832	5,967,528
Canital	Project Funds						
301	Park Impact Fund	4,997,655	1,915,546	_	55,854	2,494,464	4,362,883
302	Park Maintenance Fund	4,209,484	405,502	_	286,655	_,,	4,328,332
303	Drainage Impact Fund	4,616,369	473,279	8,890	27,196	1,930,657	
304	Drainage-Non AB1600 Fund	2,607,203	335,551	-	_	622,616	2,320,138
306	Open Space Fund	2,029,089	1,190,290	_	_	1,400,000	1,819,379
308	Street CIP	-	5,828,000	_	_	5,654,000	
309	Traffic Impact Fund	4,245,826	3,769,920	_	14,391	3,724,152	
311	Police Impact Fund	13,300	522,256	6,933	237,514	7,500	297,475
313	Fire Impact Fund	2,921,265	266,156	1,205		635,262	
317	RDA Fund	7,026,047	45,872,757	-	15,291,347	24,062,617	13,544,840
327/328	3 Housing	3,731,841	8,458,316	-	_	7,853,258	4,336,899
340	MH Bus Ranch AD CIP Fund	-	-	-	-	-	_
342	MH Bus Ranch II AD CIP Fund	26,450	652	-	-	-	27,102
346	Public Facilities (Non AB1600)	761,856	134,776	-	93,434	229,500	573,698
347	Public Facilities Impact Fund	1,817,722	566,770	1,871	-	7,870	2,378,493
348	Library Impact Fund	176,803	348,406	-	260,260	7,870	257,079
350	Undergrounding Fund	54,398	64,794	-	-	4,106	115,086
360	Community Rec. Centers Impact Fund	206,551	117,848	-	-	177,500	146,899
370	Civic Center Construction	1,764,524	-	-	-	1,400,000	364,524
	Subtotal	41,206,385	70,270,819	18,899	16,266,651	50,211,372	45,018,080
Deht So	ervice Funds						
420	Civic Center Debt	1/1 005		333 604		222 604	141,09
420 441		141,095 66,080	- 25,594	333,694	_	333,694 451 738	89,77
545	Police Facility Bond Debt Service Cochrane Business Park AD Fund	66,080 180,333	25,594	449,837	l -	451,738 182,386	
545 551		10,454	205,199 34,102	20,000	_	29,766	203,14
JJ 1	Joleen Way AD Fund Subtotal	397,962	264,894	803,531		997,583	34,789 468,80 4

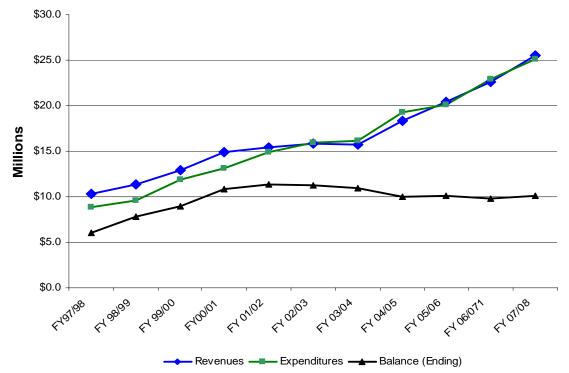
Fund Balance Projection (FY 2007/08 - continued)

07/08 07/08 07/08 07/08 07/08 07/08 Projected Projected Bal Fund Bal Projected Projected Projected **Fund Description** 07/01/07 06/30/08 Revenue Transfer In Transfer Out Expenditure

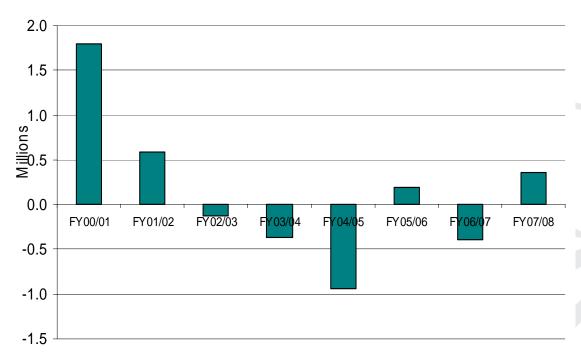
Enterpr	ise Funds						
640	Sewer Operations Fund	1,187,118	5,940,982	2,005,359	497,226	6,899,151	1,737,082
641	Sewer Impact Fund	7,513,604	2,862,308	15,048,634	7,195	8,439,820	16,977,531
642	Sewer Rate Stablization Fund	4,607,660	272,275	-	2,005,359	849	2,873,727
643	Sewer System Replacement Fund	1,056,109	36,694	-	-	937,273	155,530
650	Water Operations Fund	3,330,147	8,750,855	243,517	2,185,635	8,192,744	1,946,140
651	Water Impact Fund	2,200,096	769,021	4,467	7,195	2,055,260	911,130
652	Water Rate Stabilization Fund	1,178,679	59,908	172,771	-	305	1,411,053
653	Water System Replacement Fund	1,266,320	51,680	1,581,646	-	1,849,647	1,050,000
	Subtotal	22,339,733	18,743,723	19,056,394	4,702,610	28,375,048	27,062,192
Internal	Service Funds						
730	Information Systems Fund	138,546	489,140	-	-	444,651	183,035
740	Building Maintenance Fund	0	1,666,514	20,000	-	1,622,934	63,580
741	Building Replacement Fund	1,714,960	240,654	-	-	-	1,955,614
745	CIP Administration Fund	0	1,373,572	-	-	1,373,245	327
760	Unemployment Insurance Fund	116,413	4,760	-	-	35,000	86,173
770	Worker's Comp Fund	1,097,540	636,731	-	-	407,600	1,326,671
790	Equipment Replacement Fund	3,159,918	592,031	-	-	432,060	3,319,889
795	General Liab. Insurance Fund	925,728	607,720	-	-	550,584	982,864
	Subtotal	7,153,104	5,611,122	20,000	-	4,866,074	7,918,152
Agency	Funds						
841	MH Business Ranch I AD Fund	-	-	-	-	-	-
842	MH Business Ranch II AD Fund	-	-	-	-	-	-
843	MH Business Ranch 1998 AD Fund	682,907	963,117	-	-	858,087	787,937
844	MH Ranch Reassessment 2004 Fund	413,527	643,156	-	-	570,004	486,679
845	Madrone BP (Tax Exempt) Fund	325,330	829,763	-	-	740,568	414,525
846	Madrone BP (Taxable) Fund	32,570	113,791	-	-	104,431	41,930
848	Tennant Ave Business Park AD Fund	495,708	25,264	-	-	528	520,444
881	Police Donation Trust Fund	19,256	980	-	-	-	20,236
	Subtotal	1,969,299	2,576,070	•	-	2,273,617	2,271,752
	TOTAL - ALL FUNDS	90,688,682	127,275,519	21,835,361	21,835,361	119,133,813	98,830,389

General Fund Balance Chart

General Fund Balance Growth



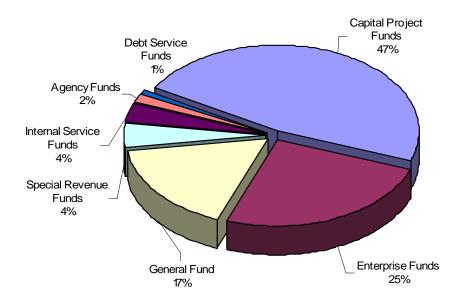
General Fund Balance Gain (Loss)



Fiscal Year

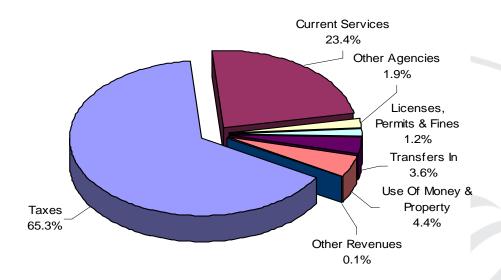
Summary of Resources

FY 2007/08 Total City Resources



\$149,110,880

FY 2007/08 General Fund Resources



Major Revenue Assumptions

General Fund (010)

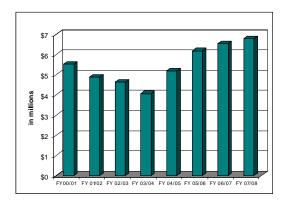
FY 2007/08 revenues for the General Fund. including transfers in, are estimated to be \$25.4 million. This represents an overall 12.8% increase over FY 2006/07 year-end projected revenues. The increase is primarily related to higher sales taxes, higher property taxes, and service fees of the various recreation facilities, such as the new Centennial Recreation Center (CRC). Service fees are estimated to increase by over 45%, reflecting the ramp up of activities at the CRC. Basic sales taxes are estimated to increase by 3.9%, or \$260,000, Current Year property taxes are estimated to increase 4.2%, or \$940,000. In general, the 2007/08 budget estimates reflect healthy growth as the local economy continues to recover.

Sales Tax

The sales tax is imposed on retailers for selling tangible personal property in California. The use tax is imposed on the user of a product purchased out-of-state and delivered for use in California. The sales and use tax rate for Santa Clara County is 8.25% and is broken down as follows:

Rate	Source
5.00%	State General Fund
	City Local Tax
0.25%	Countywide Transportation Tax
0.50%	County Mental Health
0.50%	Public Safety Augmentation Fund (Prop 172)
1.00%	County Tax (1996 Measure B and 2000 Measure A)
8.25%	Total Rate

The sales tax represents Morgan Hill's single largest revenue source at \$6,790,000 or 26.7% of total General Fund revenues projected for FY 2007/08. The FY 2007/08 projection includes opening Phase 1 of the DiNapoli Center.



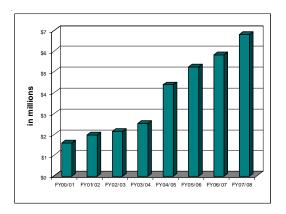
Property Tax

The property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (movable property) located within the State, based on the property value rather than on a fixed amount or benefit. **Properties** distinguished as secured and unsecured (property for which the value of the lien is not sufficient to assure payment of the tax).

Article XIIIA of the State Constitution limits the real property tax rate to 1% of the property's assessed value plus rates imposed to fund indebtedness approved by the voters. Morgan Hill's share of the 1% is equivalent to 15 cents for every \$1.00 collected from property taxes. With the passage of Prop 13 in 1978, assessed valuations are limited to a 2% increase each year.

Despite limited growth in the number of new jobs over the last three years, property values have continued to rise resulting in property tax growth. Most recently, growth has been attributable to construction of new homes and resale of existing residential properties. In spite of higher mortgage interest rates, sales of new homes and property turnover (which trigger reassessments) have remained relatively strong this past year.

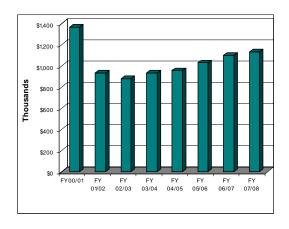
Major Revenue Assumptions (continued)



Property tax represents the General Fund's second largest revenue source projected at \$6,791,719 or 26.7% of the total General Fund revenue for FY 2007/08. Included in the total projected property tax revenue are the secured and unsecured taxes, supplemental taxes, Educational Revenue Augmentation Fund (ERAF) III shift property taxes and Redevelopment Agency (RDA) pass-thru. Also included in property taxes as of 2006/07 is the amount allocated by the State to offset the drop to the City in motor vehicle in-lieu fees.

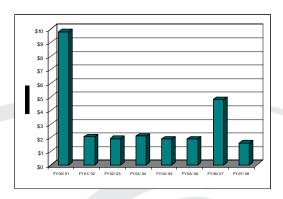
Transient Occupancy Tax

The transient occupancy tax (TOT) is imposed on persons staying 30 days or less in a hotel, inn, motel, tourist home or other lodging facility. The City's current rate is projected 10%. TOT revenue is \$1,135,163 for FY 2007/08, represents 4.5% of the total General Fund revenue. When the economy started to decline in early 2001, business travel and tourism also declined. The downward trend was exacerbated by the 9-11 events. Current year's trend indicates TOT revenue is still lagging behind FY 00/01 collections by 17%. Growth of 3% is projected in TOT revenue for the coming year.



Street Fund (202)

The Street Fund is a special revenue fund used to account for the receipt and disbursement of State and Federal gas tax and grant monies, and other monies that are to be used for the maintenance, repair, and design of streets. State gas tax funds are distributed to cities based on population from gas taxes collected at the point of sale. The use of gas tax funds is restricted to street expenditures by State and Federal legislation. In FY 2007/08, gas tax revenues are expected to increase 3% over the current year.



Beginning in fiscal year 2007/08, street capital project appropriations will be in fund 308, Street CIP. Grants received for street capital projects, make this fund fluctuate significantly.

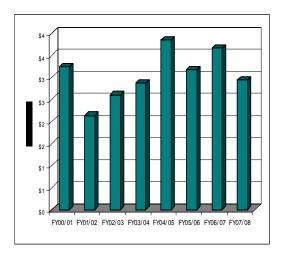
Community Development Fund (206)

The Community Development Fund is a special revenue fund used to account for the collection of planning, building, and engineering fees. The expenditures of these funds are restricted to the costs associated

Major Revenue Assumptions (continued)

with processing building, engineering and planning applications.

For FY 2007/08 staff projects revenues to be \$2,932,837, a 20% decrease over the FY 2006/07 year-end projection. Revenues collected are completely dependent on the level of development activity. The fluctuation clearly indicates the effects of the development cycle.



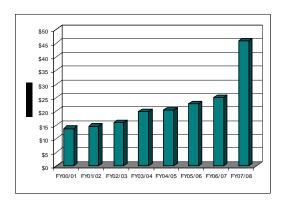
Redevelopment Agency Fund (317)

The Redevelopment Agency of the City of Morgan Hill has, as one of its primary goals, the rehabilitation and revitalization of blighted areas in residential neighborhoods and business districts. The Redevelopment Agency uses tax increment to fund various projects throughout the Agency area to improve the quality of life for City residents.

The projects provide residential and commercial improvements and develop underutilized and vacant lands, assist in providing affordable housing, assist in the business attraction and retention efforts through the Enterprise Zone and business rehabilitation programs, and provide community services such as housing and business counseling. In addition, the Redevelopment Agency provides financial assistance for many of the capital improvement projects to rehabilitate and construct the City's infrastructure such as

the streets, water and sewer lines, storm drains, and community facilities.

Over the next five years the RDA will realize \$100 million in debt proceeds that will support rehabilitation and revitalization. This increase results from citizen support and City Council approval to expand the borrowing capability of the RDA. The debt proceeds will be repaid over time using property taxes that increase as a result of planned development, housing and economic revitalization efforts.

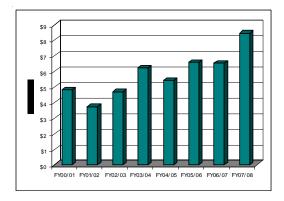


Tax increment revenues continue to increase annually. We project FY 2006/07 year-end tax increment revenues at \$25 million and FY 2007/08 tax increment revenues at \$45,872,757.

Redevelopment Housing Fund (327/328)

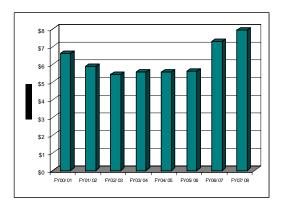
Redevelopment Housing Funds account for the 20% set-aside property tax increment that are required under State law to be used for housing programs. Set-aside revenues are 20% of the gross tax increment received by the Redevelopment Agency. Expenditures may be made from this fund only for the design, engineering, administration, construction and other costs associated with Redevelopment housing projects.

Major Revenue Assumptions (continued)



Wastewater Operations Fund (640)

The Wastewater Operations Fund (previously Sewer Operations) receives revenues from user charges based on water usage. All expenditures for the operation of the wastewater system including maintenance and debt service are charged to the Wastewater Operations Fund.



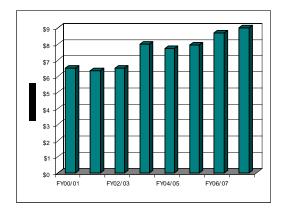
The rate which a Morgan Hill residential customer pays is calculated annually based on average water usage. Commercial customers pay amounts based upon actual water usage. Total wastewater revenues collected by the City are based on customer usage. FY 2006/07 wastewater service fees are projected at \$5,453,363 and \$5,615,934 for FY 2007/08.

Water Operations Fund (650)

The Water Operations Fund receives revenues from user charges based on water usage. All expenditures for the operation of the water system, including maintenance and debt service, are charged to the Water Operations Fund.

Approximately 78.5% of total Water revenues are from water sales, with the remaining 21.5% from user account installations maintenance, meter inspections and a Perchlorate surcharge that recovers the cost of treating the water supply, removing perchlorate and covering related expenses.

A study conducted in 2003 recommended that water rates increase by 10% to fully offset costs for water operations and capital expansion. The City Council approved the rate increase schedule and the new rates were phased in from 2003 through 2007. The final 2% of the ten percent increase was effective in January 0f 2007.



Actual water revenue is also dependent on customer usage. The Water Operations Fund is projected to collect \$8,712,376 in total revenues for FY 2006/07, and \$8,994,371 in FY 2007/08.

Summary of Revenues & Transfers In

City of Morgan Hill	FY 04/05	FY 05/06	FY 06/07 Current	FY 06/07 Projected	FY 07/08 Proposed
Summary of Revenues & Transfers In	Actual	Actual	Budget	Year-End	Budget
General Fund					
Property Taxes (Sec. & Unsecured)	2,522,105	2,920,435	3,096,961	3,010,000	3,976,892
VLF In-Lieu Property Tax	1,888,943	2,331,517	1,983,390	2,441,163	2,563,221
RDA Pass-Thru	318,966	325,598	397,954	368,621	251,066
ERAF III Shift Property Tax	(342,961)	(342,960)	-	-	-
Sales Tax	5,196,224	6,183,960	6,270,200	6,530,000	6,790,000
Transient Occupancy Taxes	956,327	1,029,837	1,102,100	1,102,100	1,135,163
Franchise (Refuse, Cable, PG&E)	995,298	1,025,412	1,039,752	1,090,501	1,120,753
Public Safety Sales Tax	241,635	250,426	275,184	260,443	268,256
Property Transfer Tax	469,761	496,473	437,750	511,367	526,708
Total Taxes	12,246,298	14,220,698	14,603,291	15,314,195	16,632,059
Business License	156,710	162,022	168,611	166,883	173,040
Other Permits	42,812	3,092	2,905	2,905	4,550
Total Licenses/Permits	199,522	165,114	171,516	169,788	177,590
Parking Enforcement	13,360	20,354	22,000	7,000	7,000
City Code Enforcement	70,166	123,771	70,000	95,000	132,000
Total Fines And Penalties	83,526	144,125	92,000	102,000	139,000
Motor Vechicle In-Lieu	812,983	251,669	193,640	215,000	225,000
Other RevOther Agencies	245,250	459,628	309,348	250,306	269,928
Total Other Agencies	1,058,233	711,297	502,988	465,306	494,928
City Recreation Programs	5,899	14,628	92,000	70,908	78,783
CCC Classes & Programs	315,963	313,825	240,710	139,863	4,560
Aquatics Center	1,020,690	1,005,986	1,289,500	924,061	1,017,000
Centennial Recreation Center	-	-	1,165,759	1,281,936	2,289,191
Outdoor Sports Center					32,850
Gen Admin Overhd	-	1,791,377	1,897,936	1,897,936	1,987,792
Fire Fees	1,793,851	181,041	311,000	203,000	216,000
Other Charges For Current Services	303,029	276,735	243,115	259,010	323,992
Total Current Services	3,439,432	3,583,592	5,240,020	4,776,714	5,950,168
Interest Earnings	331,944	427,515	360,370	500,000	502,425
CCC/Gavilan Rent	396,658	418,900	478,500	466,949	471,200
Other Rentals	126,450	145,198	152,573	172,979	158,066
Miscellaneous	64,560	136,607	49,440	54,417	22,213
Total Other Revenue	919,612	1,128,221	1,040,883	1,194,345	1,153,904
Transfer From Park Maint	125,000	125,000	125,000	125,000	325,314
Transfer From Sewer/Water	40,000	61,200	63,036	63,036	64,927
Transfer From Public Safety	175,000	198,262	175,000	175,000	175,000
Transfer From Rec Ctrs.	-	72,713	188,900	188,900	50,000
Transfer From Other Funds	52,119	57,570	5,150	5,150	306,347
Total Transfers In	392,119	514,745	557,086	557,086	921,588
Total General Fund	18,338,742	20,467,790	22,207,784	22,579,434	25,469,237
	67				

City o	f Morgan Hill	FY 04/05	FY 05/06	FY 06/07 Current	FY 06/07 Projected	FY 07/08 Proposed
Summ	nary of Revenues & Transfers In	Actual	Actual	Budget	Year-End	Budget
Specia	l Revenue Funds					
	Gas Tax 2105-2107/Prop.111/FAU	736,723	672,574	736,100	684,300	704,750
	Transfers-In - Environmental Programs	100,000	100,000	150,000	150,000	155,000
	Transfers-In - Sewer	200,000	200,000	200,000	200,000	200,000
	Transfers-In - Water	400,000	400,000	400,000	400,000	400,000
	Transfers-In - Other Funds	-	-	-	-	-
	Interest Income	45,888	25,699	27,540	(4,806)	_
	Other Revenue	426,924	504,150	1,359,019	3,385,788	145,550
202	Street Fund	1,909,535	1,902,422	2,872,659	4,815,282	1,605,300
	Interest Income	8,844	7,929	5,800	5,179	3,005
	Police Grants	101,200	100,000	100,000	100,000	100,000
	Transfers In - General Fund	-	-	-	-	-
204(5)	Supplemental Law Enforcement Fund	110,044	107,929	105,800	105,179	103,005
	Planning	715,884	652,805	616,041	551,691	625,222
	Building	1,888,317	1,687,041	1,858,337	1,617,176	1,630,500
	Eng/Plan Checking & Inspection	1,179,744	753,639	807,046	1,395,080	580,650
	Other Revenue	63,130	85,172	107,870	95,090	96,465
	Transfers In	-	-	7,000	7,000	-
206	Community Development Fund	3,847,075	3,178,657	3,396,294	3,666,037	2,932,837
	Interest Income	8,205	14,510	23,030	17,448	30,186
	Other Charges Current Services	120,051	112,170	146,377	146,377	100,000
	Transfers In	21,000	120,000	120,000	91,796	109,949
207	General Plan Update Fund	149,256	246,681	289,407	255,621	240,135
210	Community Rec Centers Startup Fund	103,604	107,162	106,110	107,751	60,312
215	CDBG Fund	186,758	101,475	353,610	436,907	358,162
216	CDBG Revolving Loan Fund	22,399	4,817	10,000	6,790	11,184
220	Museum Rental Fund	-	-	-	-	-
225	Asset Seizure Fund	17,170	305	360	357	474
229	Lighting & Landscape Fund	136,039	150,161	151,928	152,324	152,743
232	Environmental Programs Fund	478,270	494,411	459,161	485,653	534,357
234	Mobile Home Park Rent Fund	10,006	11,684	12,180	6,241	2,354
235	Senior Housing Trust Fund	7,241	8,719	6,930	9,769	11,454
236	Housing Mitigation Fund	1,208,907	418,000	282,230	409,765	235,927
240	Employee Assistance Fund Environment Remediation Fund	35,588 16,490	28,354	38,360	26,597	5,252
247	Environment Remediation Fund	16,489	19,280	22,000	20,035	22,695
Total S	pecial Revenue Funds	8,238,381	6,780,058	8,107,029	10,504,309	6,276,191

FY 04/05	FY 05/06	FY 06/07	FY 06/07	FY 07/08
Actual	Actual		•	Proposed
Actual	Actuai	Buagei	Year-End	Budget
1,172,675	1,604,761	1,482,570	1,409,533	1,915,546
				405,502
	423,389	494,920		482,169
291,905		218,980	497,894	335,551
553,585	315,168	61,630	467,851	1,190,290
				5,828,000
1,094,318		1,108,800		3,769,920
164,531	·	98,110	193,264	529,189
184,252	210,613	198,820	206,821	267,361
18,900,227	20,219,472	20,623,665	20,623,665	16,940,428
		125,890		701,329
		-		-
	1,188,874	-	3,824,065	28,231,000
20,554,912	22,905,226	20,749,555	25,063,776	45,872,757
4.725.057	5.054.868	4.534.300	4.534.300	4,670,329
				187,837
·			·	3,600,150
5,431,751	6,572,794	4,699,163	6,542,697	8,458,316
514	-	_	-	-
	943	1.020	1.017	652
		·		134,776
				568,641
				348,406
				64,794
				117,848
3.,021	5,25 1	,	5,677,440	-
38,479,416	35,726,481	30,948,186	44,728,565	70,289,718
	1,172,675 645,367 772,581 291,905 553,585 1,094,318 164,531 184,252 18,900,227 224,585 30,612 1,399,488 20,554,912 4,725,057 413,525 293,169 5,431,751 514 1,294 7,068,240 191,370 84,403 203,094 64,624	Actual Actual 1,172,675 1,604,761 645,367 406,774 772,581 423,389 291,905 275,025 553,585 315,168 1,094,318 1,762,541 164,531 99,538 184,252 210,613 18,900,227 20,219,472 224,585 767,109 30,612 729,771 1,399,488 1,188,874 20,554,912 22,905,226 4,725,057 5,054,868 413,525 418,610 293,169 1,099,316 5,431,751 6,572,794 514 - 1,294 943 7,068,240 415,111 191,370 364,716 84,403 200,145 203,094 56,502 64,624 113,234	Actual Actual Current Budget 1,172,675 1,604,761 1,482,570 645,367 406,774 667,588 772,581 423,389 494,920 291,905 275,025 218,980 553,585 315,168 61,630 1,094,318 1,762,541 1,108,800 164,531 99,538 98,110 184,252 210,613 198,820 18,900,227 20,219,472 20,623,665 224,585 767,109 125,890 30,612 729,771 - 1,399,488 1,188,874 - 20,554,912 22,905,226 20,749,555 4,725,057 5,054,868 4,534,300 413,525 418,610 151,510 293,169 1,099,316 13,353 5,431,751 6,572,794 4,699,163 514 - - 1,294 943 1,020 7,068,240 415,111 561,640 191,370 364,716 <td>Actual Actual Current Budget Projected Year-End 1,172,675 1,604,761 1,482,570 1,409,533 645,367 406,774 667,588 1,251,901 772,581 423,389 494,920 434,929 291,905 275,025 218,980 497,894 553,585 315,168 61,630 467,851 1,094,318 1,762,541 1,108,800 1,291,100 164,531 99,538 98,110 193,264 184,252 210,613 198,820 206,821 18,900,227 20,219,472 20,623,665 20,623,665 224,585 767,109 125,890 585,752 30,612 729,771 - 30,294 1,399,488 1,188,874 - 3,824,065 20,554,912 22,905,226 20,749,555 25,063,776 4,725,057 5,054,868 4,534,300 4,534,300 413,525 418,610 151,510 238,574 293,169 1,099,316 13,353</td>	Actual Actual Current Budget Projected Year-End 1,172,675 1,604,761 1,482,570 1,409,533 645,367 406,774 667,588 1,251,901 772,581 423,389 494,920 434,929 291,905 275,025 218,980 497,894 553,585 315,168 61,630 467,851 1,094,318 1,762,541 1,108,800 1,291,100 164,531 99,538 98,110 193,264 184,252 210,613 198,820 206,821 18,900,227 20,219,472 20,623,665 20,623,665 224,585 767,109 125,890 585,752 30,612 729,771 - 30,294 1,399,488 1,188,874 - 3,824,065 20,554,912 22,905,226 20,749,555 25,063,776 4,725,057 5,054,868 4,534,300 4,534,300 413,525 418,610 151,510 238,574 293,169 1,099,316 13,353

Debt S	ervice Funds					
420	Civic Center Debt				272,440	333,694
441	Police Facility Bond Debt Service	578,719	498,880	447,473	561,044	475,431
536	Encino Hills AD Fund	-	-	-	-	-
539	Mh Business Park AD Fund	-	-	-	_	-
542	Sutter Bussines Park AD Fund	-	-	-	-	-
545	Cochrane Business Park AD Fund	190,338	179,366	188,768	188,419	205,199
551	Joleen Way AD Fund	50,347	29,642	32,200	32,343	54,102
Total D	Oebt Service Funds	819,404	707,888	668,441	1,054,245	1,068,426

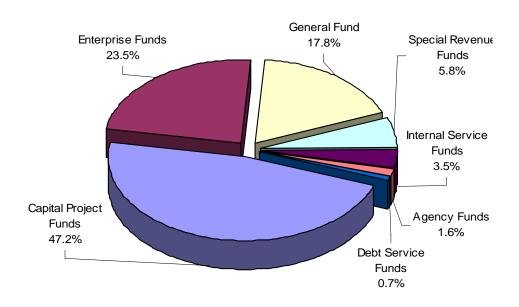
Citv o	f Morgan Hill	FY 04/05	FY 05/06	FY 06/07 Current	FY 06/07 Projected	FY 07/08 Proposed
-	nary of Revenues & Transfers In	Actual	Actual	Budget	Year-End	Budget
	·					<u> </u>
Enterp	rise Funds					
	Interest Income	109,379	136,728	67,750	118,055	158,979
	Sewer Fees/Lift Station Charges	5,387,205	5,392,182	5,380,000	5,535,943	5,699,934
	Front Footage/Offsite	58,406	49,510	40,000	131,300	70,000
	Other Sewer/Transfers	12,318	25,632	1,513,268	1,513,011	2,017,428
640	Sewer Operations Fund	5,567,308	5,604,051	7,001,018	7,298,309	7,946,341
	Interest Income	188,991	235,295	162,880	266,137	93,208
	Impact Fees	1,959,796	2,566,407	1,756,500	1,640,906	2,769,100
	Other Revenue	792	792	-	594	15,048,634
641	Sewer Impact Fund	2,149,579	2,802,494	1,919,380	1,907,637	17,910,942
642	Sewer Rate Stablization Fund	599,854	642,272	181,610	895,168	272,275
643	Sewer System Replacement Fund	66,361	49,457	53,150	42,805	36,694
	Combined Sewer Funds	8,383,102	9,098,275	9,155,158	10,143,919	26,166,252
	Interest Income	156,377	156,443	121,880	140,053	158,346
	Water Sales	6,051,946	6,396,726	6,511,718	6,849,770	7,055,263
	Perchlorate Surcharge	389,461	726,406	976,758	1,027,466	1,058,289
	Meter Install & Service Calls	160,782	136,222	111,500	103,268	162,800
	Account Setup & Delinquent Charges	162,842	139,931	168,863	174,123	178,788
	Transfers-In	615,591	230,488	264,180	230,666	243,517
	Other Water	214,851	177,630	126,045	187,030	137,369
650	Water Operations Fund	7,751,850	7,963,847	8,280,944	8,712,376	8,994,371
	Interest Income	240,916	221,607	48,790	89,437	52,921
	Impact Fees	479,752	508,281	381,400	340,884	716,100
	Other Revenue	5,219,835	_	-	5,819	4,467
651	Water Impact Fund	5,940,503	729,887	430,190	436,140	773,488
652	Water Rate Stabilization Fund	762	711,726	438,420	440,841	232,679
653	Water System Replacement Fund	2,503,942	119,223	23,670	61,501	1,633,326
	Combined Water Funds	16,197,057	9,524,683	9,173,224	9,650,857	11,633,864
Total E	Interprise Funds	24,580,159	18,622,957	18,328,382	19,794,776	37,800,116

		FY 04/05	FY 05/06	FY 06/07	FY 06/07	FY 07/08	
City o	f Morgan Hill			Current	Projected	Proposed	
Summ	nary of Revenues & Transfers In	Actual	Actual	Budget	Year-End	Budget	
	I Com to Found						
Interna	al Service Funds						
730	Information Systems Fund	305,505	260,057	311,041	238,592	489,140	
740	Building Maintenance Fund	1,613,606	1,537,319	1,894,881	1,765,054	1,686,514	
741	Building Replacement Fund	-	-	383,725	1,714,960	240,654	
745	CIP Administration Fund	1,171,244	1,292,982	1,337,340	1,412,761	1,373,572	
760	Unemployment Insurance Fund	30,305	58,306	48,674	49,748	4,760	
770	Worker's Comp Fund	922,641	836,158	782,780	785,487	636,731	
790	Equipment Replacement Fund	390,695	550,471	585,361	591,749	592,031	
795	General Liab. Insurance Fund	452,394	535,255	458,652	573,315	607,720	
Total II	nternal Service Funds	4,886,390	5,070,549	5,802,454	7,131,665	5,631,122	

TOTAI	ALL FUNDS	98,957,911	90,667,828	88,450,982	108,366,559	149,110,880
Total A	Agency Funds	3,615,419	3,292,106	2,388,706	2,573,565	2,576,070
881	Police Donation Trust Fund	615	673	750	781	980
848	Tennant Ave Business Park AD Fund	40,203	16,375	19,520	19,388	25,264
846	Madrone BP (Taxable) Fund	148,495	433,369	108,333	234,666	113,791
845	Madrone BP (Tax Exempt) Fund	948,496	1,071,314	765,334	845,509	829,763
844	MH Ranch Reassessment 2004 Fund	760,338	874,517	609,286	588,037	643,156
843	MH Business Ranch 1998 AD Fund	1,120,853	893,040	885,483	885,184	963,117
842	MH Business Ranch II AD Fund	48,876	231	-	-	-
841	MH Business Ranch I AD Fund	547,543	2,587	-	-	-

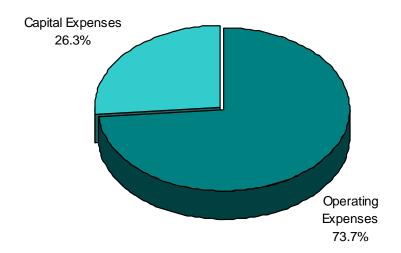
Expenditures

FY 2007/08 Total Expenditures



\$149,110,880

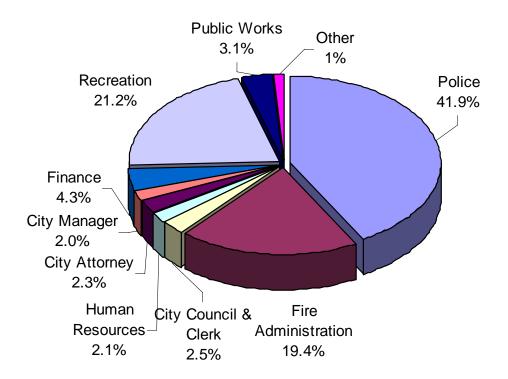
Operating vs. Capital Expenditures



\$149,110,880

Expenditures

FY 2007/08 General Fund Expenditures



\$25,109,995

Summary of Expenditures & Transfers Out

City of Morgan Hill	04/05	05/06	06/07 Current	06/07 Projected	07/08 Adopted
Summary of Expenditures & Transfers Out	Actuals	Actuals	Budget	Year-End	Budget
Summary of Experiordies & Transiers out	Actuals	Actuals	Duuget	Tear-Life	Duaget
By Program					
City Council	227,858	202,727	196,335	209,848	232,745
Community Promotions	31,688	45,367	77,791	72,975	71,944
City Attorney	1,061,611	785,267	718,004	601,502	577,191
Transfers Out	187,000	110,000	117,000	224,258	244,386
City Manager	315,997	331,417	363,191	306,812	349,947
Recreation	310,796	311,517	497,595	503,835	759,473
Community & Cultural Center	1,036,466	1,155,012	1,144,890	1,076,055	810,570
Aquatics Center	1,426,151	1,356,989	1,508,120	1,374,537	1,366,126
Centennial Recreation Center	-	72,713	1,740,725	1,655,125	2,377,307
Outdoor Sports Center					67,693
Human Resources	488,770	466,130	509,798	487,833	535,625
Volunteer Program	50,936	-	-	-	-
City Clerk	263,609	255,989	288,015	274,893	288,432
Elections	86,165	70,749	166,715	93,847	44,902
Finance	895,496	942,628	997,219	984,948	1,076,139
PD Administration	662,807	794,742	783,579	807,999	677,357
PD Field Operations	4,033,725	4,638,060	4,739,991	4,948,542	5,399,757
PD Support Services	915,799	964,285	1,178,147	1,218,592	1,191,137
PD Emergency Services	16,327	49,207	97,271	50,187	102,751
PD Special Operations	1,345,157	1,373,007	1,606,097	1,543,927	1,779,229
Fire Services	4,194,484	4,361,361	4,579,375	4,554,405	4,868,611
Cable Television	43,503	31,445	41,016	37,767	28,674
Communications & Marketing	66,193	176,732	151,925	78,306	149,971
Building Maintenance (CCC)	-	-	-	-	-
Park Maintenance	685,847	651,996	751,627	728,950	742,935
Animal Control	89,950	88,588	98,222	98,046	101,754
Dispatch Services	846,237	869,346	1,076,139	1,035,204	1,265,339
Total General Fund	19,282,569	20,105,273	23,428,787	22,968,393	25,109,995

By Department/Division					
City Council/Clerk	609,320	574,831	728,856	651,563	638,023
City Attorney	1,061,611	785,267	718,004	601,502	577,191
City Manager	382,190	508,149	515,116	385,118	499,918
Recreation	2,824,349	2,896,229	4,891,330	4,609,551	5,313,476
HR	539,705	466,130	509,798	487,833	535,625
Finance	895,496	942,628	997,219	984,948	1,076,139
Police	7,910,001	8,777,236	9,579,446	9,702,497	10,517,324
Fire	4,194,484	4,361,361	4,579,375	4,554,405	4,868,611
Cable TV	43,503	31,445	41,016	37,767	28,674
Park Maintenance	685,847	651,996	751,627	728,950	742,935
Transfers	187,000	110,000	117,000	224,258	244,386
Total General Fund	19,282,569	20,105,273	23,428,787	22,968,393	25,109,995

Expenditures & Transfers Out (continued)

	04/05	05/06	06/07	06/07	07/08
City of Morgan Hill			Current	Projected	Adopted
Summary of Expenditures & Transfers Out	Actuals	Actuals	Budget	Year-End	Budget

Specia	I Revenue Funds					
	Street Maintenance Program	1,567,996	1,865,608	1,833,825	1,757,956	1,540,722
	Congestion Management	66,490	68,270	97,834	98,159	77,016
	Street CIP	460,558	658,205	4,428,111	3,378,543	8,901
202	Street Fund	2,095,044	2,592,083	6,359,770	5,234,658	1,626,639
205	Supplemental Law Enforcement Fund	175,520	198,781	175,861	175,861	175,861
	Planning Division	1,157,061	1,157,086	1,321,495	1,249,442	1,374,933
	Building Division	872,792	1,093,943	1,272,748	1,134,172	1,308,327
	PW-Engineering	933,610	1,121,789	1,144,310	1,082,588	1,218,539
206	Community Development Fund	2,963,463	3,372,818	3,738,553	3,466,202	3,901,799
207	General Plan Update Fund	54,802	187,489	177,521	90,159	138,920
210	Community Rec Centers Startup Fund	-	72,713	188,900	188,900	50,000
215	CDBG Fund	166,962	123,915	468,159	419,154	358,162
216	CDBG Revolving Loan Fund	17,511	76,272	30,916	6,916	30,000
220	Museum Rental Fund	-	-	-	-	-
225	Asset Seizure Fund	47,196	300	-	-	-
229	Lighting & Landscape Fund	139,421	144,421	151,931	136,525	144,823
232	Environmental Programs Fund	374,509	411,955	630,655	597,262	621,500
234	Mobile Home Park Rent Fund	11,223	167,771	4,069	1,844	1,868
235	Senior Housing Trust Fund	9,484	3,275	23,800	23,800	24,000
236	Housing Mitigation Fund	15,000	15,029	2,015,000	165,000	1,015,000
240	Employee Assistance Fund	40,198	28,362	85,000	66,749	30,000
247	Environment Remediation Fund	6,000	73,236	52,351	51,002	47,651
Total S	pecial Revenue Funds	6,116,333	7,468,419	14,102,487	10,624,031	8,166,223

Expenditures & Transfers Out (continued)

	04/05	05/06	06/07	06/07	07/08
City of Morgan Hill			Current	Projected	Adopted
Summary of Expenditures & Transfers Out	Actuals	Actuals	Budget	Year-End	Budget

370	Civic Center Construction			5,000,000	3,912,916	1,400,000
360	Community Rec. Centers Impact Fund	-	6,233	253,826	50,001	177,500
350	Undergrounding Fund	320,777	1,020,092	216,918	175,537	4,106
348	Library Impact Fund	202	29,782	714,776	714,776	268,130
347	Public Facilities Impact Fund	1,365	65,594	354	39,566	7,870
346	Public Facilities (Non AB1600)	7,217,829	325,688	874,758	327,102	322,934
327	RDA Housing Fund	5,538,982	5,087,081	10,211,411	11,025,793	7,853,258
317	RDA Fund	12,236,748	25,746,758	53,105,070	27,133,166	39,353,964
313	Fire Impact Fund	1,380	1,379	536,229	11,232	635,262
311	Police Impact Fund	70,821	218,437	139,234	238,145	245,014
309	Traffic Impact Fund	862,646	833,093	3,205,357	1,326,138	3,738,543
308	Sreet CIP					5,654,000
306	Open Space Fund	-	2,969	11,400	746	1,400,000
305	Off Street Parking Fund (CLOSED)	-	-	-	-	-
304	Drainage-Non AB1600 Fund	84,811	681,265	2,408,855	940,665	622,616
303	Drainage Impact Fund	1,536	12,376	1,933,027	28,605	1,957,853
302	Park Maintenance Fund	138,444	167,349	921,315	835,970	286,655
301	Park Impact Fund	680,961	215,446	6,389,390	1,832,009	2,550,318

39,482 36,328 32,244 32,687 29,7	37,402		
	39 482	Joleen Way AD Fund	551 Jo
192,842 196,520 182,194 182,735 182,3	192,842	Cochrane Business Park AD Fund	545 Co
122,345 483,787 451,013 451,013 451,7	122,345	Police Facility Bond Debt Service	441 Po
131,345 333,6		Civic Center Debt	420 Ci
		Service Funds	

Expenditures & Transfers Out (continued)

City of Morgan Hill	04/05	05/06	06/07 Current	06/07 Projected	07/0 Adopte
Summary of Expenditures & Transfers Out	Actuals	Actuals	Budget	Year-End	Budge
Enterprise Funds					
640 Sewer Operations Fund	6,511,884	6,723,697	6,826,770	6,894,903	7,396,37
641 Sewer Impact Fund	468,912	2,819,201	9,287,895	795,887	8,447,01
642 Sewer Rate Stablization Fund	2,117	2,114	1,500,814	1,500,814	2,006,20
643 Sewer System Replacement Fund	363,335	878,889	416,487	97,679	937,27
Combined Sewer Funds	7,346,248	10,423,902	18,031,965	9,289,283	18,786,87
Water Operations	6,309,294	7,056,702	7,369,119	7,407,858	9,747,78
Meter Reading/Repair	390,181	714,518	930,689	930,495	_
Utility Billing	393,129	428,729	527,658	461,331	487,03
Water Conservation	49,263	61,826	201,966	148,850	143,56
650 Water Operations Fund	7,141,868	8,261,775	9,029,432	8,948,534	10,378,37
651 Water Impact Fund	1,006,981	1,623,617	2,582,449	673,362	2,062,45
652 Water Rate Stabilization Fund	493	492	292	292	30
653 Water System Replacement Fund	470,357	1,695,642	1,168,096	651,891	1,849,64
Combined Water Funds	1,477,832	3,319,751	3,750,837	1,325,545	3,912,40
Total Enterprise Funds	15,965,948	22,005,428	30,812,234	19,563,362	33,077,65
nternal Service Funds					
730 Information Systems Fund	295,519	260,057	369,554	368,798	444,65
740 Building Maintenance Fund	1,294,294	1,289,032	1,696,763	3,056,041	1,622,93
741 Building Replacement Fund	-	-	12,000	-	-
745 CIP Administration Fund	1,200,570	1,292,982	1,458,824	1,426,477	1,373,24
760 Unemployment Insurance Fund	44,796	9,429	44,445	15,000	35,00
770 Worker's Comp Fund	634,279	369,900	508,700	448,200	407,60
790 Equipment Replacement Fund	250,567	285,637	819,678	710,807	432,00
795 General Liab. Insurance Fund	492,816	402,538	490,300	550,584	550,58
Total Internal Service Funds	4,212,840	3,909,575	5,400,264	6,575,907	4,866,07
Name of Sanda					
Agency Funds					
841 MH Business Ranch I AD Fund	667,489	264,578		-	-
842 MH Business Ranch II AD Fund	57,647	23,608	-		-
843 MH Business Ranch 1998 AD Fund	869,120	874,614	861,128	866,833	858,08
844 MH Ranch Reassessment 2004 Fund	181,176	616,827	575,204	577,048	570,00
845 Madrone BP (Tax Exempt) Fund	1,196,640	760,946	739,453	907,040	740,56
846 Madrone BP (Taxable) Fund	321,144	398,627	106,069	233,654	104,43
848 Tennant Ave Business Park AD Fund	-	10,038	506	506	5.
otal Agency Funds	3,293,217	2,949,238	2,282,360	2,585,080	2,273,6
TOTAL ALL FUNDS	76,382,077	01 540 110	162 612 502	111,706,920	1/0 0/0 17
TOTAL ALL FUNDS	10,362,011	91,568,110	162,613,503	111,700,920	140,969,17

Interfund Transfers FY 2007/08

	General	Streets	Police Trust	ComDev	General Plan	Com Ctr
Description	Fund (010)	Fund (202)	Fund (205)	Fund (206)	Fund (207)	Fund (210)
GF - Police Services (205)	175,000		(175,000)			
GF - Police Services (317)	291,347					
GF - Police Facility Debt Service (441)	(212,323)					
Police Impact - Police Facility Debt Service (441)						
GF - Park Maintenance (302)	276,655					
GF - Centennial Rec Ctr Startup (210)	50,000					(50,000)
GF - Outdoor Sports Ctr Startup (210)	(50,000)					50,000
GF - Park Development/Growth (301)	48,659					
GF - Management of CDBG funds (215)	15,000					
GF - Share of Utility Billing & Dispatch (640 & 650)	64,927					
GF - Street Mtce Support (202)	(100,000)	100,000				
Street Ops -Mitigation of Street Damages (640)		200,000				
Street Ops -Mitigation of Street Damages (650)		400,000				
Street Ops -Mitigation of Street Damages (232)		155,000				
Set Aside for General Plan Update (various)	(22,386)			(14,391)	109,949	
Development/Growth (641)	(72,000)					
GF -Development Growth (impact funds)	(72,000)					
Library Maintenance (740)						
Public Facilities - Debt Service (420)						
Library Impact Fd - Debt Service (420)						
Maintain Sewer Operations Reserve (640)						
Maintain Water Operations Reserve (650)						
Maintain Water Operations Reserve (650) Maintain Water Rate Stabilization Reserve (652)						
Maintain Water Racility Replacement Reserve (653)					
Joleen Way - Maintain Fund Balance						
3.1.2						
TOTAL	464,879	855,000	(175,000)	(14,391)	109,949	0

Total Transfers: \$21,835,361

	CDBG	Environmental	Park Impact	Park Mtce	Drainage Imp	Traffic
Description	Fund (215)	Fund (232)	Fund (301)	Fund (302)	Fund (303)	Fund (309)
GF - Police Services (205)						
GF - Police Services (317)						
GF - Police Facility Debt Service (441)						
Police Impact - Police Facility Debt Service (441)						
GF - Park Maintenance (302)				(276,655)		
GF - Centennial Rec Ctr Startup (210)						
GF - Outdoor Sports Ctr Startup (210)						
GF - Park Development/Growth (301)			(48,659)			
GF - Management of CDBG funds (215)	(15,000)					
GF - Share of Utility Billing & Dispatch (640 & 650)						
GF - Street Mtce Support (202)						
Street Ops -Mitigation of Street Damages (640)						
Street Ops -Mitigation of Street Damages (650)						
Street Ops -Mitigation of Street Damages (232)		(155,000)				
		, ,				
Set Aside for General Plan Update (various)			(7,195)	(10,000)	(7,196)	(14,391)
Development/Growth (641)						
GF -Development Growth (impact funds)					8,890	
Library Maintenance (740)						
Public Facilities - Debt Service (420)						
Library Impact Fd - Debt Service (420)						
Maintain Sewer Operations Reserve (640)						
Maintain Water Operations Reserve (650)						
Maintain Water Rate Stabilization Reserve (652)						
Maintain Water Facility Replacement Reserve (653))					
Joleen Way - Maintain Fund Balance					(20,000)	
TOTAL	(15,000)	(155,000)	(EE 0E4)	(204 455)	(10 204)	(14 201)
TOTAL	(15,000)	(155,000)	(55,854)	(286,655)	(18,306)	(14,391)

Decembellan	PD Impact	Fire Impact	RDA		Pub Fac Impact	Library Imp
Description	Fund (311)	Fund (313)	Fund (317)	Fund (346)	Fund (347)	Fund (348)
CE Police Condess (205)						
GF - Police Services (205)			(201 247)			
GF - Police Services (317)			(291,347)			
GF - Police Facility Debt Service (441)						
Police Impact - Police Facility Debt Service (441)	(237,514)					
GF - Park Maintenance (302)						
GF - Centennial Rec Ctr Startup (210)						
GF - Outdoor Sports Ctr Startup (210)						
GF - Park Development/Growth (301)						
GF - Management of CDBG funds (215)						
GF - Share of Utility Billing & Dispatch (640 & 650)						
GF - Street Mtce Support (202)						
Street Ops -Mitigation of Street Damages (640)						
Street Ops -Mitigation of Street Damages (650)						
Street Ops -Mitigation of Street Damages (232)						
Set Aside for General Plan Update (various)						
Development/Growth (641)			(15,000,000)			
GF -Development Growth (impact funds)	6,933	1,205	(13,000,000)		1,871	
di -bevelopineni diowin (impactiunus)	0,733	1,203			1,071	
Library Maintenance (740)						(20,000)
Public Facilities - Debt Service (420)				(93,434)		
Library Impact Fd - Debt Service (420)						(240,260)
Maintain Sewer Operations Reserve (640)						
Maintain Water Operations Reserve (650)						
Maintain Water Rate Stabilization Reserve (652)						
Maintain Water Facility Replacement Reserve (653))					
Joleen Way - Maintain Fund Balance						
TOTAL	(000 = 5.1)	4.000	(45.00: 5:5)	(00.15.1)	4.07	(0.10.515)
TOTAL	(230,581)	1,205	(15,291,347)	(93,434)	1,871	(260,260)

Fund 551	Fund (640)	Fund (641)	Fund (642)
	(43,709)		
	(200,000)		
	(10,000)	(7 105)	
	(10,000)		
		TU,UJT	
	2 005 250		(2,005,359)
			(2,000,307)
	(243,310)		
20,000			
20,000			(2,005,359)
		(43,709) (200,000) (10,000) 2,005,359 (243,518)	(200,000) (10,000) (7,195) 15,000,000 48,634

	Water Op	Water Imp	Wtr Rate Stabil	Wtr Sys Replace	Bldg Mtce
Description	Fund (650)	Fund (651)	Fund (652)	Fund (653)	Fund (740)
GF - Police Services (205)					
GF - Police Services (317)					
GF - Police Facility Debt Service (441)					
Police Impact - Police Facility Debt Service (441)					
GF - Park Maintenance (302)					
GF - Centennial Rec Ctr Startup (210)					
GF - Outdoor Sports Ctr Startup (210)					
GF - Park Development/Growth (301)					
GF - Management of CDBG funds (215)					
inanagament of ODDO Tando (210)					
GF - Share of Utility Billing & Dispatch (640 & 650)	(21,218)				
GF - Street Mtce Support (202)					
Street Ops -Mitigation of Street Damages (640)					
Street Ops -Mitigation of Street Damages (650)	(400,000)				
Street Ops -Mitigation of Street Damages (232)	(100)000,				
encer ope imagener of encer painages (202)					
Set Aside for General Plan Update (various)	(10,000)	(7,195)			
Development/Growth (641)	, ,	,			
GF -Development Growth (impact funds)		4,467			
Library Maintenance (740)					20,000
Public Facilities - Debt Service (420)					
Library Impact Fd - Debt Service (420)					
Maintain Sewer Operations Reserve (640)					
Maintain Water Operations Reserve (650)	243,518				
Maintain Water Operations Reserve (652)	(172,771)		172,771		
Maintain Water Facility Replacement Reserve (653)	(1,581,646)		172,771	1,581,646	
Joleen Way - Maintain Fund Balance	(1,001,010)			1,001,040	
3000011 Way Wallitalii i alia balance					
TOTAL	(1,942,117)	(2,728)	172,771	1,581,646	20,000

Total Transfers: \$21,835,361

Cost Allocation

Cost allocation or indirect charges account for the financing of goods or services provided by one City department to other departments within the City and Redevelopment Agency on a cost reimbursement basis.

Internal service funds accumulate costs related to the services provided, and then the costs are allocated to the department receiving the goods and/or services based on the quantity of service received. Every few years, the Finance Department conducts a comprehensive analysis of current cost allocations. The most recent analysis was performed in FY 2005/06. The cost allocation schedule below reflects the charges to departments.

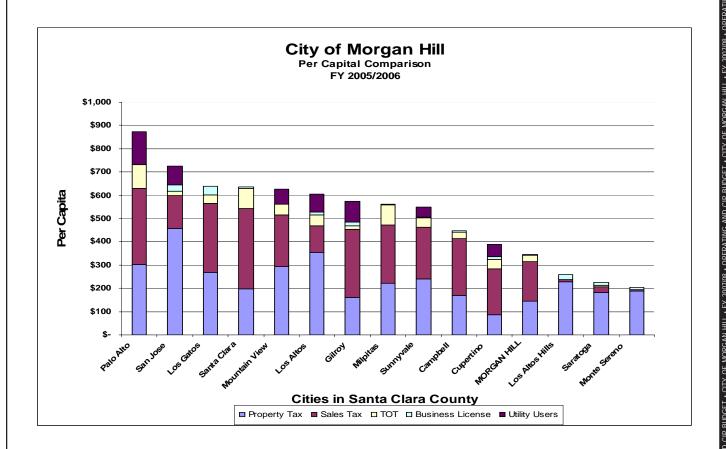
City of Morgan Hill Internal Service Funds and Administrative Charges Fiscal Year 2007/08

Charges To Departments	Liability Insurance	Building Maint	Building Replacement	Vehicle Replacement	Information Systems	GF Admin	TOTAL
onarges to bepartments	Insurance	Maire	Replacement	керівсетен	Systems	Admin	TOTAL
City Council	1,955	39,126	3,608	_	3,245	-	47,934
Comm Promotions	31	-	-	-	-	-	31
City Attorney	623	10,237	944	-	3,895	-	15,699
City Manager	580	7,967	735	-	9,087	-	18,369
Recreation	1,807	2,364	218	-	3,245	-	7,634
Community Cultural Center	2,879	238,181	61,468	-	17,093	-	319,621
Aquatics Center	5,760	351,800	51,543	-	18,716	-	427,819
Centennial Recreation Center	4,771	346,508	45,000	-	45,329	-	441,608
Human Resources	994	19,788	1,825	-	7,789	-	30,396
City Clerk	760	13,617	1,256	-	15,578	-	31,211
Elections	99	-	-	-	-	-	99
Finance	2,469	37,140	3,425	-	22,718	-	65,752
PD Administration	2,808	-	-	-	-	-	2,808
PD Field Services	28,082	-	-	220,264	-	-	248,346
PD Support	5,616	257,835	35,304	-	109,697	-	408,452
PD Emergency Services	936	-	-	-	-	-	936
PD Special Operations	9,323	-	-	-	-	-	9,323
Cable TV	109	-	-	-	-	-	109
Communications & Marketing	249	-	-	-	3,245	-	3,494
Park Maintenance	7,313	9,343	345	-	-	-	17,001
Animal Control	936	-	-	-	-	-	936
Dispatch Services	9,361	-	-	-	-	-	9,361
Street Maintenance	57,063	28,505	1,051	42,597	5,193	110,920	245,330
Congestion Management	289	-	-	-	-	10,648	10,937
Street CIP	-	-	-	-	-	9,284	9,284
Suppl Law Enforcement	-	-	-	-	-	898	898
Planning	7,517	42,862	3,953	-	23,367	179,092	256,790
Building	7,267	27,566	2,542	-	26,613	103,522	167,510
Engineering	15,410	15,836	584	10,301	12,982	79,533	134,646
General Plan Update	144	-	-	-	-	9,726	9,870
Lighting & Landscape District	296	-	-	-	-	17,109	17,405
Solid Waste Management	683	1,891	174	-	3,245	24,939	30,933
Mobile Home Stabilization	<u>-</u>			<u> </u>	<u> </u>	593	593
Page Subtotal	176,130	1,450,566	213,975	273,162	331,037	546,265	2,991,135

Cost Allocation (continued)

	Liability	Building	Building	Vehicle	Information	GF	
Charges To Departments	Insurance	Maint	Replacement	Replacement	Systems	Admin	TOTAL
Parks CIP	-	-	-	-	-	4,964	4,964
Drainage Impact	-	-	-	-	-	3,157	3,157
Drainage Non-AB 1600	-	-	-	-	-	2,616	2,616
Traffic Impact	-	-	-	-	-	6,652	6,652
Fire Impact	-	-	-	-	-	1,262	1,262
RDA Business Assistance	3,262	20,185	1,308	-	8,438	466,097	499,290
RDA Housing	6,310	11,348	1,047	3,349	9,736	87,542	119,331
Public Facility CIP	-	-	-	-	-	370	370
Library Impact	-	-	-	-	-	370	370
Underground CIP	-	-	-	-	-	4,106	4,106
Cochrane Bus Park AD	-	-	-	-	-	768	768
Joleen Way AD	_	-	-	-	-	516	516
Sewer Operations	121,084	34,839	1,285	118,035	8,438	249,301	532,982
Sewer Impact	_	-	-	-	-	8,353	8,353
Sewer Rate Stabilization	_	-	-	-	-	849	849
Sewer System Replacement	_	-	-	-	-	2,273	2,273
Water Operations	81,717	55,426	2,044	27,213	7,789	347,451	521,641
Meter Reading	4,553	14,399	531	-	1,298	40,748	61,528
Utility Billing	1,011	13,925	1,284	-	12,333	49,844	78,397
Water Conservation	186	-	-	-	-	11,836	12,022
Water Impact	_	-	-	-	-	4,664	4,664
Water Rate Stabilization	_	-	-	-	-	305	305
Water System Replacement	_	-	-	-	-	4,269	4,269
Information Systems	66	2,246	207	-	-	-	2,519
Building Maint CCC	29,857	-	-	-	-	-	29,857
Building Maint Aqtcs	17,576	-	-	-	-	-	17,576
Building Maint IRC	31,784	-	-	-	-	-	31,784
Building Maint PD	18,959	-	-	-	-	-	18,959
Building Maint PW	18,829	-	-	-	-	-	18,829
Building Maint All Others	18,829	-	-	-	-	-	18,829
CIP Administration	20,431	-	-	10,301	15,578	133,469	179,779
Equipment Replacement	-	-	-	=	- -	-	
MH Business Ranch 1998 AD	_	-	-	-	-	2,467	2,467
MH Ranch Reassessment '04	_	-	-	-	-	3,304	3,304
Madrone Bus Park	_	-	-	-	-	2,074	2,074
Madrone Bus Park	_	-	-	-	-	1,373	1,373
Tennant Avenue Bus Park	_	-	-	-	-	528	528
TOTAL	550,584	1,602,934	221,681	432,060	394,647	1,987,793	5,189,699

Comparison of Municipalities



					Business		Utility						
City	Prop	erty Tax	Sa	les Tax		TOT	Lic	ense	J	Isers	Т	otal	Rank
Palo Alto	\$	301	\$	327	\$	103	\$		\$	141	\$	872	1
San Jose	\$	456	\$	143	\$	20	\$	27	\$	79	\$	725	2
Los Gatos	\$	268	\$	299	\$	35	\$	36			\$	638	3
Santa Clara	\$	199	\$	344	\$	87	\$	8			\$	637	4
Mountain View	\$	294	\$	223	\$	44	\$	3	\$	63	\$	627	5
Los Altos	\$	354	\$	115	\$	46	\$	13	\$	76	\$	604	6
Gilroy	\$	162	\$	292	\$	17	\$	12	\$	92	\$	575	7
Milpitas	\$	223	\$	249	\$	87	\$	4			\$	563	8
Sunnyvale	\$	240	\$	222	\$	41	\$	2	\$	45	\$	551	9
Campbell	\$	170	\$	243	\$	29	\$	5			\$	448	10
Cupertino	\$	87	\$	198	\$	38	\$	12	\$	52	\$	388	11
Morgan Hill	\$	144	\$	170	\$	28	\$	4			\$	346	12
Los Altos Hills	\$	230	\$	7			\$	24			\$	261	13
Saratoga	\$	183	\$	24	\$	6	\$	12			\$	226	14
Monte Sereno	\$	188	\$	6	\$	-	\$	11			\$	205	15
CITY AVG.	\$	212	\$	119	\$	26	\$	33	\$	373	\$	259	